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SUBJECT: SENEGAL SCENESETTER FOR PRESIDENTIAL DELEGATION ATTENDING
THE APRIL 3 INAUGURATION

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SUMMARY

1. (SBU) As the Mission and the Government of Senegal (GOS) prepare to host you, Senegal is preparing for President Abdoulaye Wade's second inauguration on April 3, 2007. The Senegalese are proud to have a predominantly Muslim democracy that preaches tolerance and visibly supports the United States in promoting peace and combating terrorism. The GOS is seeking to enhance economic growth to reinforce its prospects at the polls. Growth has remained steady at five percent over the last decade, though growth in 2006 was probably less than three percent. Despite high rates of poverty and illiteracy, Senegal retains a high degree of political stability and coherence thus enabling GOS to be a diplomatic player on a continent replete with conflicts. With U.S. training and assistance, Senegal has also become one of the world's top ten contributors of peacekeepers.

2. (SBU) Senegal aspires to become a more significant trading partner, but Senegalese producers have yet to make serious efforts to tap into the U.S. market, preferring to focus their exports on regional and European countries. The overall economic malaise, especially in the agriculture and fishing sectors, has resulted in mass illegal migration of Senegalese to the Canary Islands (and hence, the European Union), a thorny issue for the GOS. The prospect of a successful Millennium Challenge Account (MCA) Compact offers a realistic potential for breaking with the past. Senegal must improve the investment climate and push forward more vigorously with reforms to strengthen its fragile judiciary that is lacking sufficient resources and often subject to external influences. END SUMMARY.

AN IMPERFECT DEMOCRACY

3. (SBU) Senegal is at an interesting juncture in its post-independence history. On February 25, President Abdoulaye Wade (pronounced "wahd") won 56 percent of the vote in a field of 15 candidates, with 70 percent of registered Senegalese voters going to the polls. Twice-postponed parliamentary elections are slated for June 3. In 2000 and 2007, Wade won open, peaceful and highly competitive elections due to a strong Senegalese national desire for change after nearly 40 years of Socialist Party governments. Having come under tough scrutiny and criticism for not having realized many of his campaign promises, he has undertaken major public works projects that benefited him politically.

4. (SBU) Wade and his party, the Senegalese Democratic Party (PDS), have benefited from Senegal's institutionalization of democratic values, respect for human rights, expansion of tolerance,

advancement of women's rights, and freedom of expression in all its forms. As a consequence, the standards by which the performance of his government is being measured are admittedly higher than those of his predecessors, a healthy sign that the large majority of Senegalese expect and demand democratic behavior from this government.

SENEGAL'S UNIQUE BRAND OF ISLAM

15. (SBU) Senegal is 95 percent Muslim, and it is instinctively resistant to religious extremism. One reason for this moderation is Senegal's distinctive and flexible interpretation of Islam. Another may be its geographic position at the western edge of the Islamic world. But perhaps the principal reason is the pervasive influence of Sufi brotherhoods that are hostile to external influences that they perceive as undercutting their own stature. The majority of Senegalese identify themselves with one of the four principal Brotherhoods (Tidjane, Mouride, Qu'adria and Layenne). Religious chiefs are called marabouts. Followers or talibes are expected to attach themselves to a marabout, and this allegiance is like a feeling for a father. In many ways the marabouts have replaced the traditional village chiefs. Politicians use these affiliations to advance their policies.

SENEGAL'S ECONOMY: AN ACHILLES HEEL

16. (SBU) There is general economic stability, and GDP growth averaged five percent annually for the last ten years. It likely fell to less than three percent in 2006. More than half the population lives in poverty; one-third to one-half have no reliable employment; the agricultural sector, which employs 60 percent of the population, is weak and unreliable; fishing, another big livelihood provider, has also been depressed mostly due to diminished fish stocks. Most youth see emigration as a panacea, as shown by the recent flight of thousands of Senegalese, via small and dangerous boats, to the Canary Islands -- an entry to the European Union. On a more positive note, Senegal graduated from the Highly Indebted

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Poor Countries program. In 2005 and 2006, the IMF and the World Bank forgave over USD 1 billion in multilateral debt, potentially freeing up over USD 80 million per year for poverty reduction. Despite these successes, the business environment remains difficult. Corruption is an issue, and while Wade has said the right things about combating it, members of his own family are often rumored to demand bribes and percentages of investments. In the coming year, Senegal will face a serious budget crunch and will look to donors for assistance. Most traditional donors, for their part, are hesitant to provide budget support without greater transparency and accountability of expenditures by the GOS.

CLANDESTINE MIGRATION: SOCIAL ISSUE OF THE DAY

17. (U) Starting in mid-May 2006, the flow of illegal African migrants landing on the shores of Spain's Canary Islands reached alarming levels. Over 27,000 illegal migrants, more than half of whom are Senegalese, were detained by Spanish authorities in 2006. Of the 27,000, more than 5,000 migrants have been repatriated to Senegal. This has generated extensive press coverage by the local and international media and became a priority for the Government. On October 10, Senegalese Foreign Minister Cheikh Tidiane Gadio and his Spanish counterpart, Miguel Angel Moratinos, signed a framework agreement paving the way for legal immigration based on Spanish job market needs. Based on the agreement, Spain will provide Senegal with up to USD 19 million annually over five years. Several other European countries and the European Commission have also donated funds and equipment to improve surveillance of the Senegalese coast and improve border enforcement.

FOREIGN POLICY PRIORITIES START IN NEIGHBORHOOD

18. (SBU) Senegal devotes major efforts to maintaining stability on its borders. While politically Wade has worked hard to expand Senegal's role on the continent and in world affairs, his government actually expends real resources (financial, material and humanitarian) to its near neighbors. For example, Wade has been

engaged in Guinea-Bissau since the September 2003 coup d'etat. Characteristic of Senegal's regional anxieties, Wade and his government continue to express great concern over the eventual transition in nearby Guinea in light of the failing health of its leader, the potential for disruptions, and a resulting influx of refugees to Senegal. Wade traveled to Conakry earlier this month to underscore his support for the new Prime Minister and to call international attention to Guinea's plight. Also, the sometimes erratic behavior of the recently re-elected Gambian President Jammeh, who rules the strategically located strip of land that juts into Senegal, raises Senegalese concerns over The Gambia's stability.

CASAMANCE CONFLICT

¶9. (SBU) Internal conflict in Senegal's southernmost region of the Casamance has regional security implications because it borders The Gambia and Guinea-Bissau. In the last year, there has been an increase in fighting between factions of the Casamance separatist movement in southern Senegal and the Senegalese military. Reports of banditry in the area have also increased. At least seven civilians died and over 35 were wounded in security incidents in the Casamance in 2006. We continue to use our influence with GOS civilian and military institutions as well as with representatives of local communities in the Casamance to achieve reconciliation and a lasting resolution to the conflict.

U.S. ASSISTANCE

¶10. (SBU) In addition to supporting the Casamance peace process, U.S. assistance to Senegal has focused on Muslim outreach, health, education, export promotion, promotion of women's rights, good governance and decentralization. Approximately 150 Peace Corps Volunteers are involved in health, education, natural resource management and micro-enterprise programs. Our model Muslim outreach program consists of assisting daaras (koranic schools), sending imams, marabouts and Islamic scholars to the United States on International Visitor programs and donating Arabic- and English-language materials to Islamic schools and libraries. The proposed MCA Compact would more than double annual U.S. aid, building an industrial platform 25 miles east of Dakar to decongest the capital, create thousands of jobs in agro-industry and other sectors, and help GDP growth to reach eight percent per annum.

COMMITMENT TO REGIONAL SECURITY/COOPERATION WITH U.S.

¶11. (SBU) Senegal has been a loyal partner and has served as an operational base for every U.S. deployment to the region. The GOS

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has supported the United States by deploying troops to the Gulf War, Bosnia, Haiti, Rwanda, the Central African Republic, Cote d'Ivoire, Sierra Leone, Liberia, the Democratic Republic of the Congo (DRC), and, most recently, Sudan. Senegal was the first African nation to sign up for the African Crisis Response Initiative (ACRI) [now the African Contingency Operations Training and Assistance (ACOTA)] program that provides military assistance and training to African militaries with the capability of participating in peacekeeping operations, principally in Africa. ACOTA complements what remains the largest International Military Education and Training (IMET) program in Sub-Saharan Africa. This has paid major dividends through the engagement of Senegalese troops in their traditional areas of interest (Cote d'Ivoire) and in areas of traditional interest to us (Liberia).

THE U.S.-SENEGAL AGENDA

¶12. (SBU) For the U.S., Senegal represents our most important francophone partner in Africa. Perhaps not coincidentally, President Wade perceives himself as a good friend of President Bush. He basked in the glow of the President's visit in July 2003, his December 2004 visit to the White House, Secretary of State Rice and Secretary of Agriculture Johanns' July 2005 visits and invitations

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to two G-8 summits. For Senegal, the U.S. represents an attractive

alternative to complete dependence on France. We also embody values that Wade would like to establish in Senegal, particularly economic ones. However, there is a realistic appreciation among knowledgeable Senegalese that the U.S. is not likely to supplant France as its principal partner any time in the foreseeable future.

¶13. (SBU) On terrorism, Senegal has been among the first African states to recognize the dangers posed to its own security by international terrorism. It has cooperated actively with the U.S. in the global war on terrorism, and Senegal has ratified 12 of the 13 key anti-terrorist conventions and protocols identified by the U.S. President Wade has also sent a set of draft laws to the Ministry of Interior that would expand the definition of terrorist acts and increase punishments for these acts. Senegal is also leading regional efforts to combat terrorist financing. Intelligence sharing and vigilance along Senegal's borders is good and continues to improve through well-established channels. We have raised our concerns with Senegal's leaders over the potential for unwanted influences from radical Muslim states, such as Iran.

¶14. (SBU) We continue to scrutinize Senegal's relationship with Iran, Libya, Venezuela and Cuba. Thus far, Senegal has done a good job in compartmentalizing and managing those relationships to ensure that they do not act to undermine Senegal's stability. We also continue to remind Senegal's leaders that too close an embrace will not be well understood nor well appreciated in Washington. Thus far, Wade has gotten the message. With respect to the situation in Iraq, Senegal has been more neutral than during the first Gulf War. (Senegal proudly provided troops to help evict Saddam from Kuwait.) Senegal resisted French pressure to take a more critical posture, and in fact Wade publicly noted his satisfaction that Saddam had been removed from power. Since diplomatic relations were re-established in October 2005, China has been playing an increasingly visible role as a development partner, and the market share of Chinese products, especially cheap consumer goods and equipment and vehicles. Large-scale foreign investment, however, has come mostly from France, Morocco, and India

INVESTMENT CLIMATE

¶15. (U) Potential investors, and current businesses, are concerned about Senegal's energy situation, about the slow pace of establishing an effective and transparent judiciary that understands commercial issues, about needed education reform, especially the lack of vocational education, and about burdensome labor laws that deter hiring and make dismissals for cause difficult. Through our assistance programs and the donor community's Private Sector Working Group -- which is chaired by the U.S. Ambassador -- we are actively working with the GOS in advancing policy reforms, such as reducing the time and cost to start a business.

CHILD LABOR

¶16. (SBU) Senegal continues to make incremental progress in addressing the worst forms of child labor, but the problem persists, primarily in the form of child begging. The GOS includes the elimination of the worst forms of child labor by 2015 as a policy priority in its overarching Poverty Reduction Strategy. Senegal's Department of Statistics and Economic Study, in conjunction with the ILO's Department of Statistics, is finalizing a major survey on the worst forms of child labor in Senegal. Scheduled to be released in

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2007, this report is designed to provide, for the first time in Senegal, comprehensive data on the child labor situation and how it has changed over the past year. Mr. Aliou Seck, ILO-IPEC coordinator for Senegal, told us that Senegal's 2007 budget includes approximately USD 18 million for "child welfare" programs, including additional measures to address child labor issues in particular street children and beggars. At least some of this money should be available to examine fraudulent religious schools that are often a front for child begging, and to fund programs for the street children, underage domestic workers, and the sexual exploitation of children. Seck is also pursuing a 2007 GOS-IPEC program to reinforce capacity building of judges and labor inspectors, improve Senegal's legal framework (such as the discrepancy between the legal

age for ending school and beginning work), reinforce the campaign against exploiting child beggars, and improve the public awareness effort, particularly among Senegal's opinion leaders. However, with an annual population growth rate of 2.3 percent, increasing demands on an already over-burdened education system (public, private, and religious), and a stagnant economy, there will be no quick solution for Senegal's child labor problems. The ILO's Seck told us recently that the establishing even a minimal program to monitor the vast problem of child domestic workers is not even on the GOS's radar screen.

BOTTOM LINE

17. (SBU) Senegal under Wade is a good partner, very sympathetic to U.S. interests, and regularly seeking ways to deepen the relationship. Senegal is eager to receive critical Millennium Challenge Corporation (MCC) funding, and, though the GOS is eager to conclude its Compact in 2007, the due diligence required to complete the project's scope of work may push the signing date to 2008. Economically, Senegal continues to seek U.S. partners and participants to improve its economy, especially in agro-industry, telecommunications, energy and transport. Bilateral relations are very warm and continue to deepen as we expand our areas of cooperation and seek additional sectors of mutual benefit. Senegal also carefully considers potential U.S. reactions to its particular foreign policy decisions, often responding favorably when we express our concerns, or when we seek GOS support. In sum, Senegal enjoys a close identification with the United States and many of our policies and values.

JACOBS